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Brazil

Cotton and Products

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Report Highlights:

Cotton area forecast for MY 2001/02 is placed at 764,600 ha., a 10 percent reduction from last season. Cotton production for the 2001/02 crop projected at 670,000 mt, lint cotton. Official SECEX data shows total cotton imports and exports for MY 2000/01 at 131,300 and 68,500 mt, lint cotton, respectively.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Sao Paulo [BR3], BR

PS&D Table

PSD Table						
Country	Brazil					
Commodity	Cotton				(HECTARES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin	08/1999		08/2000		08/2001	
Area Planted	0	752,000	0	853,000	0	764,600
Area Harvested	752,000	752,000	900,000	853,000	800,000	764,600
Beginning Stocks	222,734	249,026	339,871	360,926	367,087	392,726
Production	674,952	675,000	892,679	899,000	816,475	670,000
Imports	337,476	339,500	163,295	131,300	217,727	200,000
TOTAL SUPPLY	1,235,162	1,263,526	1,395,845	1,391,226	1,401,289	1,262,726
Exports	2,613	2,600	81,647	68,500	108,863	140,000
USE Dom. Consumption	892,679	900,000	947,111	930,000	914,452	930,000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	892,679	900,000	947,111	930,000	914,452	930,000
Ending Stocks	339,871	360,926	367,087	392,726	377,973	192,726
TOTAL DISTRIBUTION	1,235,163	1,263,526	1,395,845	1,391,226	1,401,288	1,262,726

Production

The ATO/São Paulo forecast for area planted to cotton for MY 2001/02 (Aug-Jul) is 764,600 hectares (ha.), down 10 percent from last season. Assuming a 3 year average cotton yield, Brazilian cotton production for MY 2001/02 is forecast at 670,000 metric tons (mt), lint cotton.

The planting season has just started in the state of Paraná. However, it is too early to have accurate state-level new crop projections. The Paraná State Department of Agriculture (SEAB/DERAL) released a planting intention forecast on September 26, placing cotton area for 2001/02 at 49,200 ha., down 30.5 percent from last season (70,870 ha.). The Ministry of Agriculture, National Supply Company (CONAB) will conduct field surveys the first week of October to gauge 2001/02 planting intentions. These figures will be released late October - early November.

The table below shows the ATO/São Paulo cotton area breakdown for producing states. The area variations between the upcoming and past crop are a result of information provided by post contacts, including producing associations, state secretariats of agriculture, traders and the textile industry.

Cotton Area, Production and Yield by State/Region (1,000 ha; 1,000 mt lint cotton, kg/ha)								
	MY 1999/2000			MY 2000/01			MY 2001/02	
	Area	Prod.	Yield	Area	Prod.	Yield	Area	Change
Parana	53,500	43,300	809	68,000	58,000	853	47,600	-30%
Sao Paulo	65,500	52,400	800	65,000	60,000	923	65,000	0%
Minas Gerais	50,000	39,000	780	45,000	34,000	756	40,500	-10%
Mato Grosso Sul	48,000	45,600	950	50,000	52,000	1,040	47,500	-5%
Mato Grosso	265,000	331,200	1,250	380,000	490,000	1,289	323,000	-15%
Goiás	85,000	85,000	1,000	100,000	110,000	1,100	85,000	-15%
Bahia	60,000	45,000	750	55,000	70,000	1,273	66,000	20%
Others - N/NE	125,000	33,500	268	90,000	25,000	278	90,000	0%
Total	752,000	675,000	898	853,000	899,000	1,054	764,600	-10%
Source: ATO Sao Paulo								

Expected reductions in area are mainly associated to:

- T the steady low cotton market prices which are reported to be lower than average production costs: for instance, US\$ 0.35 to 0.40/lb in the state of Mato Grosso;
- T the ongoing devaluation of the Brazilian currency (Real), thus increasing dollar-based production costs such as fertilizers, herbicides and pesticides;
- T strong soybean prices, vis-à-vis cotton and corn, stimulating an increase in soybean area, as opposed to cotton and corn planting. In addition, soybean, as an export crop, has a dollar-based market which presently stimulates producers to expand soybean area;
- T inefficiencies of the cotton market system. Cotton prices have been marketed below the minimum price set by the Government of Brazil to some extent, and both the Government Acquisition Program ("Aquisição do Governo Federal" - AGF) and the production distribution program ("Programa de Escoamento da Produção" - PEP) have not been sufficient to guarantee a steady level of production, mainly for the center-western states (Mato Grosso, Mato Grosso do Sul and Goiás).

In spite of the pessimistic scenario painted by cotton growers, except in Bahia, many have significant investments in machinery, equipment, warehouses and/or gins and, thus, may not be as likely to drastically reduce cotton area for the next crop. Traditional growers are likely to retain cotton area similar to that planted last season, whereas those growers who significantly increased their area for the 2000/01 may likely show a sharper reduction for the upcoming season. In addition, some growers are reportedly planting short-season soybean varieties leaving the possibility that they may plant cotton right after the soy harvest, which would partially offset the expected decrease in total Brazilian cotton area.

The anticipated area increase in the state of Bahia is associated with exceptional yields obtained by producers in the Barreiras region which lowers average production costs. Bahian producers note lower production costs compared to Mato Grosso (US\$0.27 to 0.32/lb), which enhances profit potential for Bahia's cotton growers. Concurrently, the good quality of the product and the proximity to major northeastern textile mills are other factors in Bahia's favor. This has resulted in the commitment of a significant part of the new crop to the local industry. Note that the area expansion is expected solely for the Barreiras region, the major cotton producing area of the state. The remaining areas of Bahia follow traditional production systems which do not apply

technology and are not expected to increase.

Consumption

No changes has been made in Consumption

Trade

Brazilian cotton imports for MY 2000/01 are estimated at 131,300 mt, lint cotton, based on updated official Brazilian Department of Foreign Trade (SECEX) information, down from the previous post projection. The ATO/São Paulo forecast for MY 2001/02 cotton imports remains unchanged at 200,000 mt, lint cotton. ATO/Sao Paulo estimates MY 2000/01 cotton exports at 68,500 metric tons, lint cotton based on updated information from SECEX, down from the previous estimate. The tables below show official import and export data provided by SECEX.

Brazilian Cotton Imports: NCM 5201.00.10 (mt & US\$ 1,000 FOB)						
	MY 1998/1999		MY 1999/2000		MY 2000/01	
Origin	Quantity	Value	Quantity	Value	Quantity	Value
Argentina	1,632	2,711	100	167	--	--
Uzbekistan	250	353	0	0	--	--
Paraguay	150	225	0	0	--	--
Greece	1,177	1,570	0	0	--	--
Togo	432	662	0	0	--	--
Total	3,642	5,519	100	167	0	0
Source: Brazilian Secretariat of Foreign Trade (SECEX).						

Brazilian Cotton Imports: NCM 5201.00.20 (mt & US\$ 1,000 FOB)						
	MY 1998/1999		MY 1999/2000		MY 2000/01	
Origin	Quantity	Value	Quantity	Value	Quantity	Value
Paraguay	13,763	20,886	26,490	32,309	16,911	20,344
Mali	2,980	4,443	13,519	14,932	8,493	9,213
Argentina	47,113	60,235	33,745	34,794	8,307	7,850
Benin	11,945	17,065	11,248	12,987	5,416	6,188
Uzbekistan	7,638	10,400	3,350	3,745	3,523	3,384
Togo	4,130	6,343	4,335	5,885	2,497	2,893
United States	1,039	1,529	30,177	26,080	1,831	1,682
Ivory Coast	6,949	10,737	4,698	5,554	800	1,004
Tadjikistan	0	0	2,232	2,605	500	681
Greece	502	617	2,758	2,823	0	0
Mexico	0	0	2,000	2,341	0	0
Others	3,976	5,970	5,740	6,412	5,598	6,970
Total	100,034	138,224	140,293	150,469	53,876	60,210
Source: Brazilian Secretariat of Foreign Trade (SECEX).						

Brazilian Cotton Imports: NCM 5201.00.90 (mt & US\$ 1,000 FOB)						
	MY 1998/1999		MY 1999/2000		MY 2000/01	
Origin	Quantity	Value	Quantity	Value	Quantity	Value
Paraguay	36,214	52,887	36,016	43,679	27,500	31,312
Argentina	51,996	67,307	17,123	18,169	14,293	15,519
Benin	24,457	37,513	23,142	29,806	7,309	9,021
Mali	4,800	7,780	8,450	8,928	4,979	4,798
Uzbekistan	24,927	35,251	15,581	17,675	3,797	4,018
United States	3,681	6,176	37,548	33,985	3,672	5,147
Ivory Coast	7,218	10,632	19,489	22,352	2,179	2,673
Togo	9,969	13,672	6,650	8,744	2,015	2,499
Netherlands	0	0	3,507	3,688	489	496
Chad	0	0	3,499	3,543	0	0
Guinea	0	0	3,320	3,349	0	0
Others	29,382	44,426	24,804	30,314	11,185	15,364
Total	192,644	275,644	199,130	224,233	77,416	90,847
Source: Brazilian Secretariat of Foreign Trade (SECEX).						

Brazilian Cotton Exports: NCM 5201.00.10 (mt, US\$ 1,000 FOB)		
MY 2000/01		
Destination	Quantity	Value
Switzerland	144	166
Turkey	100	108
United States	81	92
Total	325	365
Source: Brazilian Secretariat of Foreign Trade (SECEX)		

Brazilian Cotton Exports: NCM 5201.00.20 (mt, US\$ 1,000 FOB)		
MY 2000/01		
Destination	Quantity	Value
Indonesia	3,569	3,823
Germany	2,710	2,977
India	2,588	2,585
Argentina	2,098	2,359
Portugal	1,485	1,686
Turkey	1,347	1,470
Colombia	970	1,021
Belgium	746	844
Bangladesh	746	787
Others	3,975	3,975
Total	20,234	21,875
Source: Brazilian Secretariat of Foreign Trade (SECEX)		

Brazilian Cotton Exports: NCM 5201.00.90 (mt, US\$ 1,000 FOB)		
MY 2000/01		
Destination	Quantity	Value
Turkey	9,822	10,884
India	8,558	10,052
Portugal	4,325	5,035
Italy	4,020	4,655
Bolivia	3,554	3,683
Colombia	2,568	3,070
Germany	2,520	3,286
Indonesia	2,069	2,227
Thailand	1,648	1,732
Paraguay	1,204	1,458
Others	7,644	8,547
Total	47,933	54,628
Source: Brazilian Secretariat of Foreign Trade (SECEX)		

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